

## Office of Thrift Supervision, Treasury

## § 584.1

as a savings association, and shall include any savings bank or any cooperative bank which is deemed by the Office to be a savings association under 12 U.S.C. 1467a(1).

### § 583.22 State.

The term *State* includes the District of Columbia and the Commonwealth of Puerto Rico.

### § 583.23 Subsidiary.

The term *subsidiary* means any company which is owned or controlled directly or indirectly by a person, and includes any service corporation owned in whole or in part by a savings association, or a subsidiary of such service corporation.

### § 583.24 Uninsured institution.

The term *uninsured institution* means any depository institution the deposits of which are not insured by the Corporation.

## PART 584—SAVINGS AND LOAN HOLDING COMPANIES

Sec.

584.1 Registration, examination and reports.

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AUTHORITY: 12 U.S.C. 1462, 1462a, 1463, 1464, 1467a, 1468.

SOURCE: 54 FR 49708, Nov. 30, 1989, unless otherwise noted.

### § 584.1 Registration, examination and reports.

(a) *Filing of registration statement and other reports*—(1) *Filing of registration statement*. Not later than 90 days after becoming a savings and loan holding company, each savings and loan holding company shall register with the OTS by filing a registration statement H-(b)10.

(2) *Filing of annual/current reports*. Each registered savings and loan holding company, including subsidiary sav-

ings and loan holding companies, shall file an annual/current report H-(b)11, except that such report need not be filed by a savings and loan holding company that is a trust (other than a business trust), secured creditor, or corporate trustee. The H-(b)11 report must be filed no later than 90 days after the close of the fiscal year. Quarterly filings must also be submitted on the H-(b)11 report within 45 days of the end of each quarter (except for the fourth quarter of the holding company's fiscal year) and should describe any material changes from the most recently filed H-(b)11 report or should indicate that no such changes have occurred. However, if material changes have occurred during the fourth quarter with respect to certain items described in the form instructions, an H-(b)11 report for such quarter must be filed within 45 days of the end of such quarter.

(3) *General*. Registration statements and annual/current reports are to be filed with the OTS in accordance with the instructions contained in each form. In addition, multiple savings and loan holding companies must file conformed copies with any area office that has supervisory authority over a subsidiary savings association. Copies of the forms to be used in submitting registration statements or annual/current reports may be obtained from any Regional Director, or designee.

(b) *Date of registration*. The date of registration of a savings and loan holding company shall be the date on which its registration statement is received by the Regional Director.

(c) *Extension of time for registration*. For timely and good cause shown, the Office may extend the time within which a savings and loan holding company shall register.

(d) *Release from registration*. The Office may at any time, upon its own motion or upon application, release a registered savings and loan holding company from any registration theretofore made by such company, if the Office shall determine that such company no longer has control of any savings association.

(e) *Reports*. Each savings and loan holding company and each subsidiary

thereof, other than a savings association, shall file with the OTS such reports as may be required by the OTS. Such reports shall be made under oath or otherwise, and shall be in such form and for such periods, as the OTS may prescribe. Each report shall contain information concerning the operations of such savings and loan holding company and its subsidiaries as the OTS may require.

(f) *Books and records.* Each savings and loan holding company shall maintain such books and records as may be prescribed by the Office.

(g) *Examinations.* Each savings and loan holding company and each subsidiary thereof shall be subject to such examinations as the Office may prescribe. The cost of such examinations (other than examinations of savings associations) shall be assessed against and paid by such holding company. Examination and other reports may be furnished by the Office to the appropriate State supervisory authority. The Office shall, to the extent deemed feasible, use for the purposes of this section reports filed with or examinations made by other Federal agencies or the appropriate State supervisory authority.

(h) *Appointment of agent.* The Office may require any savings and loan holding company, or persons connected therewith if it is not a corporation, to execute and file a prescribed form of irrevocable appointment of agent for service of process.

[54 FR 49708, Nov. 30, 1989, as amended at 55 FR 13517, Apr. 11, 1990; 57 FR 35458, Aug. 10, 1992; 60 FR 66720, Dec. 26, 1995]

#### § 584.2 Prohibited activities.

(a) *Evasion of law or regulation.* No savings and loan holding company or subsidiary thereof which is not a savings association shall, for or on behalf of a subsidiary savings association, engage in any activity or render any services for the purpose or with the effect of evading any law or regulation applicable to such savings association.

(b) *Unrelated business activity.* No savings and loan holding company or subsidiary thereof that is not a savings association shall commence any business activity at any time, or continue any business activity after the end of the

two-year period beginning on the date on which such company received approval to become a savings and loan holding company that is subject to the limitations of this paragraph (b), except (in either case) the following:

(1) Furnishing or performing management services for a savings association subsidiary of such company;

(2) Conducting an insurance agency or an escrow business;

(3) Holding, managing, or liquidating assets owned by or acquired from a subsidiary savings association of such company;

(4) Holding or managing properties used or occupied by a subsidiary savings association of such company;

(5) Acting as trustee under deed of trust;

(6) Any other activity: (i) That the Board of Governors of the Federal Reserve System has permitted for bank holding companies pursuant to 12 CFR 225.24 or 225.28, unless the Office, by regulation, prohibits or limits any such activity for savings and loan holding companies; or

(ii) Is set forth in § 584.2-1 of this part, subject to the limitations therein; or

(7) In the case of a savings and loan holding company, purchasing, holding, or disposing of stock acquired in connection with a qualified stock issuance if prior approval for the acquisition of such stock by such savings and loan holding company is granted by the Office pursuant to § 574.8 of this chapter.

Notwithstanding the provisions of this paragraph (b), any savings and loan holding company that, between March 5, 1987 and August 10, 1987, received approval pursuant to 12 U.S.C. 1730a(e), as then in effect, to acquire control of a savings association shall not continue any business activity other than those activities set forth in this paragraph (b) after August 10, 1987.

(c) *Treatment of certain holding companies.* If a director or officer of a savings and loan holding company, or an individual who owns, controls, or holds with the power to vote (or proxies representing) more than 25 percent of the voting shares of a savings and loan holding company, directly or indirectly controls more than one savings association, any savings and loan holding

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company controlled by such individual shall be subject to the activities limitations contained in paragraph (b) of this section, to the same extent such limitations apply to multiple savings and loan holding companies pursuant to §§ 584.2, 584.2a, 584.2-1 and 584.2-2 of this part.

[54 FR 49708, Nov. 30, 1989, as amended at 63 FR 71213, Dec. 24, 1998]

EFFECTIVE DATE NOTE: At 72 FR 72238, Dec. 20, 2007, § 584.2 was amended by revising paragraph (b)(6)(i), effective Apr. 1, 2008. For the convenience of the user, the revised text is set forth as follows:

### § 584.2 Prohibited activities.

\* \* \* \*

(b) \* \* \*

(6) \* \* \*

(i) That the Board of Governors of the Federal Reserve System has permitted for bank holding companies pursuant to regulations promulgated under section 4(c) of the Bank Holding Company Act; or

\* \* \* \*

### § 584.2a Exempt savings and loan holding companies and grandfathered activities.

(a) *Exempt savings and loan holding companies.* (1) The following savings and loan holding companies are exempt from the limitations of § 584.2(b) of this part:

(i) Any savings and loan holding company (or subsidiary of such company) that controls only one savings association, if the savings association subsidiary of such company is a qualified thrift lender as defined in § 583.17 of this chapter.

(ii) Any savings and loan holding company (or subsidiary thereof) that controls more than one savings association if all, or all but one of the savings association subsidiaries of such company were acquired pursuant to an acquisition under section 13(c) or 13(k) of the Federal Deposit Insurance Act, or section 408(m) of the National Housing Act, as in effect immediately prior to the date of enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and all of the savings association subsidiaries of such

company are qualified thrift lenders as defined in § 583.17 of this chapter.

(2) Any savings and loan holding company whose subsidiary savings association(s) fails to qualify as a qualified thrift lender pursuant to 12 U.S.C. 1467a(m) may not commence, or continue, any service or activity other than those permitted under § 584.2(b) of this part, except that, the Office may allow, for good cause shown, such company (or subsidiary of such company which is not a savings association) up to 3 years to comply with the limitations set forth in § 584.2(b) of this part: *Provided*, That effective August 9, 1990, any company that controls a savings association that should have become or ceases to be a qualified thrift lender, except a savings association that requalified as a qualified thrift lender pursuant to section 10(m)(3)(D) of the Home Owners' Loan Act, shall within one year after the date on which the savings association fails to qualify as a qualified thrift lender, register as and be deemed to be a bank holding company, subject to all of the provisions of the Bank Holding Company Act, section 8 of the Federal Deposit Insurance Act, and other statutes applicable to bank holding companies in the same manner and to the same extent as if the company were a bank holding company and the savings association were a bank, as those terms are defined in the Bank Holding Company Act.

(b) *Grandfathered activities for certain savings and loan holding companies.* Notwithstanding § 584.2(b) of this part and subject to paragraph (c) of this section, any savings and loan holding company that received approval prior to March 5, 1987 to acquire control of a savings association may engage, directly or indirectly or through any subsidiary (other than a subsidiary savings association of such company) in any activity in which it was lawfully engaged on March 5, 1987, *Provided*, That:

(1) The holding company does not, after August 10, 1987, acquire control of a bank or an additional savings association, other than a savings association acquired pursuant to section 13(c) or 13(k) of the Federal Deposit Insurance Act, or section 406(f) or 408(m) of the National Housing Act, as in effect

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immediately prior to the date of enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989;

(2) Any savings association subsidiary of the holding company continues to qualify as a domestic building and loan association under section 7701(a)(19) of the Internal Revenue Code of 1986 after August 10, 1987;

(3) The holding company does not engage in any business activity other than those permitted under § 584.2(b) of this part or in which it was engaged on March 5, 1987;

(4) Any savings association subsidiary of the holding company does not increase the number of locations from which such savings association conducts business after March 5, 1987, other than an increase due to a transaction under section 13(c) or 13(k) of the Federal Deposit Insurance Act, or under section 408(m) of the National Housing Act, as in effect immediately prior to the date of enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989; and

(5) Any savings association subsidiary of the holding company does not permit any overdraft (including an intra-day overdraft) or incur any such overdraft in its account at a Federal Reserve bank, on behalf of an affiliate, unless such overdraft results from an inadvertent computer or accounting error that is beyond the control of both the savings association subsidiary and the affiliate.

(c) *Termination by the Office of grandfathered activities.* Notwithstanding the provisions of paragraph (b) of this section, the Office may, after opportunity for hearing, terminate any activity engaged in under paragraph (b) of this section upon determination that such action is necessary:

(1) To prevent conflicts of interest;

(2) To prevent unsafe or unsound practices; or

(3) To protect the public interest.

(d) *Foreign holding company.* Any savings and loan holding company organized under the laws of a foreign country as of June 1, 1984 (including any subsidiary thereof that is not a savings association) that controlled a single savings association on August 10, 1987, shall not be subject to the restrictions

set forth in § 584.2(b) of this part with respect to any activities of such holding company that are conducted exclusively in a foreign country.

[54 FR 49708, Nov. 30, 1989, as amended at 60 FR 66870, Dec. 27, 1995; 61 FR 60185, Nov. 27, 1996]

### § 584.2-1 Prescribed services and activities of savings and loan holding companies.

(a) *General.* For the purpose of § 584.2(b)(6)(ii) of this part, the activities set forth in paragraph (b) of this section are, and were as of March 5, 1987, permissible services and activities for savings and loan holding companies or subsidiaries thereof that are neither savings associations nor service corporation subsidiaries of subsidiary savings associations. Services and activities of service corporation subsidiaries of savings and loan holding company subsidiary savings associations are prescribed by paragraph (d) of this section.

(b) *Prescribed services and activities.* Subject to the provisions of paragraph (c) of this section, a savings and loan holding company subject to restrictions on its activities pursuant to § 584.2(b) of this part, or a subsidiary thereof which is neither a savings association nor a service corporation of a subsidiary savings association, may furnish or perform the following services and engage in the following activities to the extent that it has legal power to do so:

(1) Originating, purchasing, selling and servicing any of the following:

(i) Loans, and participation interests in loans, on a prudent basis and secured by real estate, including brokerage and warehousing of such real estate loans, except that such a company or subsidiary shall not invest in a loan secured by real estate as to which a subsidiary savings association of such company has a security interest;

(ii) Manufactured home chattel paper (written evidence of both a monetary obligation and a security interest of first priority in one or more manufactured homes, and any equipment installed or to be installed therein), including brokerage and warehousing of such chattel paper;

(iii) Loans, with or without security, for the altering, repairing, improving,

equipping or furnishing of any residential real estate;

(iv) Educational loans; and

(v) Consumer loans, as defined in § 560.3 of this chapter, *Provided*, That, no subsidiary savings association of such holding company or service corporation of such savings association shall engage directly or indirectly, in any transaction with any affiliate involving the purchase or sale, in whole or in part, of any consumer loan.

(2) Subject to the provisions of 12 U.S.C. 1468, furnishing or performing clerical accounting and internal audit services primarily for its affiliates;

(3) Subject to the provisions of 12 U.S.C. 1468, furnishing or performing the following services primarily for its affiliates, and for any savings association and service corporation subsidiary thereof, and for other multiple holding companies and affiliates thereof:

(i) Data processing;

(ii) Credit information, appraisals, construction loan inspections, and abstracting;

(iii) Development and administration of personnel benefit programs, including life insurance, health insurance, and pension or retirement plans;

(iv) Research, studies, and surveys;

(v) Purchase of office supplies, furniture and equipment;

(vi) Development and operation of storage facilities for microfilm or other duplicate records; and

(vii) Advertising and other services to procure and retain both savings accounts and loans;

(4) Acquisition of unimproved real estate lots, and acquisition of other unimproved real estate for the purpose of prompt development and subdivision, for:

(i) Construction of improvements,

(ii) Resale to others for such construction, or

(iii) Use as mobile home sites;

(5) Development, subdivision and construction of improvements on real estate acquired pursuant to paragraph (b)(4) of this section, for sale or rental;

(6) Acquisition of improved real estate and mobile homes to be held for rental;

(7) Acquisition of improved real estate for remodeling, rehabilitation, modernization, renovation, or demolition and rebuilding for sale or for rental;

tion and rebuilding for sale or for rental;

(8) Maintenance and management of improved real estate;

(9) Underwriting or reinsuring contract of credit life or credit health and accident insurance in connection with extensions of credit by the savings and loan holding company or any of its subsidiaries, or extensions of credit by any savings association or service corporation subsidiary thereof, or any other savings and loan holding company or subsidiary thereof;

(10) Preparation of State and Federal tax returns for accountholders of or borrowers from (including immediate family members of such accountholders or borrowers but not including an accountholder or borrower which is a corporation operated for profit) an affiliated savings association;

(11) Purchase and sale of gold coins minted and issued by the United States Treasury pursuant to Pub. L. 99-185, 99 Stat. 1177 (1985), and activities reasonably incident thereto; and

(12) Any services or activities approved by order of the former Federal Savings and Loan Insurance Corporation prior to March 5, 1987, pursuant to its authority under section 408(c)(2)(F) of the National Housing Act, as in effect at the time.

(c) *Procedures for commencing services or activities.* (1) Before a savings and loan holding company subject to restrictions on its activities pursuant to § 584.2(b) of this part or a subsidiary thereof may commence performing or engaging in a service or activity prescribed by paragraph (b) of this section (other than purchase or sale of a government debt security), either *de novo* or by an acquisition of a going concern, it shall file a notice of intent to do so in a form prescribed by the OTS. The activity or service may be commenced unless, before the close of the period specified immediately below, the OTS finds that the activity or service proposed would not be, under the circumstances, a proper incident to the operations of savings associations or would be detrimental to the interests of savings account holders. The period for review shall be 30 calendar days after the date of receipt of such notice,

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in the case of a de novo entry, or 60 calendar days, in the case of an acquisition of a going concern.

(2) The Office may require a savings and loan holding company or subsidiary thereof which has commenced a service or activity pursuant to this section to modify or terminate, in whole or in part, such service or activity as the Office finds necessary in order to ensure compliance with the provisions and purposes of this part and of section 10 of the Home Owners' Loan Act, as amended, or to prevent evasions thereof.

(3) Except as may be otherwise provided in a resolution by or on behalf of the Office in a particular case, a service or activity commenced pursuant to this section shall not be altered in any material respect from that described in the notice filed under paragraph (c)(1) of this section, unless before making such alteration notice of intent to do so is filed in compliance with the appropriate procedures of said paragraph (c)(1) of this section.

(d) *Service corporation subsidiaries of savings associations.* The Office hereby approves without application the furnishing or performing of such services or engaging in such activities as permitted by the Office pursuant to 12 CFR 545.74, as in effect on March 5, 1987, if such service or activity is conducted by a service corporation subsidiary of a subsidiary savings association of a savings and loan holding company and if such service corporation has legal power to do so.

[54 FR 49708, Nov. 30, 1989, as amended at 55 FR 13518, Apr. 11, 1990; 57 FR 14349, Apr. 20, 1992; 60 FR 66870, Dec. 27, 1995; 63 FR 71213, Dec. 24, 1998; 66 FR 15017, Mar. 15, 2001]

### **§ 584.2-2 Permissible bank holding company activities of savings and loan holding companies.**

(a) *General.* For purposes of § 584.2(b)(6)(i) of this part, the services and activities permissible for bank holding companies pursuant to 12 CFR 225.24 or 225.28 are permissible for savings and loan holding companies, or subsidiaries thereof that are neither savings associations nor service corporation subsidiaries of subsidiary savings associations: *Provided*, That no such savings and loan holding company

or subsidiary thereof shall commence, either *de novo* or by an acquisition (in whole or in part) of a going concern, any activity described in this paragraph (a) without the prior approval of the Office pursuant to paragraph (b) of this section. Where an activity is within the scope of both § 584.2-1 of this part and this section, the procedures of § 584.2-1 of this part shall govern.

(b) *Procedures for applications.* Applications to commence any activity prescribed under paragraph (a) of this section shall be filed with the OTS. OTS must act upon such application under the guidelines in part 516, subpart E of this chapter.

(c) *Factors considered in acting on applications.* In evaluating an application filed under paragraph (b) of this section, the OTS shall consider whether the performance by the applicant of the activity can reasonably be expected to produce benefits to the public (such as greater convenience, increased competition, or gains in efficiency) that outweigh possible adverse effects (such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound financial practices). This consideration includes an evaluation of the financial and managerial resources of the applicant, including its subsidiaries, and of any company to be acquired, and the effect of the proposed transaction on those resources.

[54 FR 49708, Nov. 30, 1989, as amended at 55 FR 13518, Apr. 11, 1990; 57 FR 14349, Apr. 20, 1992; 60 FR 66720, Dec. 26, 1995; 63 FR 71213, Dec. 24, 1998; 66 FR 13010, Mar. 2, 2001]

EFFECTIVE DATE NOTE: At 72 FR 72238, Dec. 20, 2007, § 584.2-2 was amended by revising paragraph (a), effective Apr. 1, 2008. For the convenience of the user, the revised text is set forth as follows:

### **§ 584.2-2 Permissible bank holding company activities of savings and loan holding companies.**

(a) *General.* For purposes of § 584.2(b)(6)(i) of this part, the services and activities permissible for bank holding companies pursuant to regulations that the Board of Governors of the Federal Reserve System has promulgated pursuant to section 4(c) of the Bank Holding Company Act are permissible for savings and loan holding companies, or subsidiaries thereof that are neither savings associations nor service corporation subsidiaries of subsidiary savings associations: *Provided*, That

no savings and loan holding company shall commence any activity described in this paragraph (a) without the prior approval of this Office pursuant to paragraph (b) of this section, unless—

(1) The holding company received a rating of satisfactory or above prior to January 1, 2008, or a composite rating of "1" or "2" thereafter, in its most recent examination, and is not in a troubled condition as defined in §563.555, and the holding company does not propose to commence the activity by an acquisition (in whole or in part) of a going concern; or

(2) The activity is permissible under authority other than section 10(c)(2)(F)(i) of the HOLA without prior notice or approval. Where an activity is within the scope of both §584.2-1 of this part and this section, the procedures of §584.2-1 of this part shall govern.

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#### § 584.4 Prohibited acquisitions.

No savings and loan holding company, directly or indirectly, or through one or more subsidiaries or through one or more transactions, shall:

(a) Acquire by purchase or otherwise, or retain, more than five percent of the voting stock or shares of a savings association not a subsidiary, or of a savings and loan holding company not a subsidiary, nor, in the case of a multiple savings and loan holding company (other than a multiple savings and loan holding company described in §584.2a(a)(ii) of this chapter), acquire or retain more than five percent of the voting shares of any company not a subsidiary that is engaged in any business activity other than those specified in §584.2(b) of this part: *Provided*, That this paragraph (a) shall not apply to voting shares of a savings association or of a savings and loan holding company—

(1) Held as a *bona fide* fiduciary (whether with or without the sole discretion to vote such shares);

(2) Held temporarily pursuant to an underwriting commitment in the normal course of an underwriting business;

(3) Held in an account solely for trading purposes or over which no control is held other than control of voting rights acquired in the normal course of a proxy solicitation;

(4) Acquired in securing or collecting a debt previously contracted in good

faith, for two years after the date of acquisition or for such additional time (not exceeding 3 years) as the Office may permit if, in the Office's judgment, such an extension would not be detrimental to the public interest;

(5) Acquired under section 13(k)(1)(A)(i) of the Federal Deposit Insurance Act (or section 408(m) of the National Housing Act as in effect immediately prior to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989);

(6) Held by any insurance companies as defined in section 2(a)(17) of the Investment Company Act of 1940: *Provided*, That all shares held by all insurance company affiliates of such savings association or savings and loan holding company may not in the aggregate exceed five percent of all outstanding shares or of the voting power of the savings association or savings and loan holding company, and such shares are not acquired or retained with a view to acquiring, exercising, or transferring control of the savings association or savings and loan holding company; and

(7) Shares acquired pursuant to a qualified stock issuance if such a purchase is approved pursuant to §574.8 of this chapter; *Provided*, That the aggregate amount of shares held under this paragraph (a), (other than pursuant to paragraphs (a)(1), (a)(2), (a)(3), (a)(4), and (a)(6)) may not exceed 15 percent of all outstanding shares or the voting power of a savings association or savings and loan holding company.

(b) Acquire control of an uninsured institution or retain, for more than one year after the date any savings association subsidiary becomes uninsured, control of such association.

EFFECTIVE DATE NOTE: At 72 FR 72238, Dec. 20, 2007, §584.4 was revised, effective Apr. 1, 2008. For the convenience of the user, the revised text is set forth as follows:

#### § 584.4 Certain acquisitions by savings and loan holding companies.

(a) *Acquisitions by a savings and loan holding company of more than five percent of a non-subsidiary savings association or savings and loan holding company.* No savings and loan holding company, directly or indirectly, or through one or more subsidiaries or through one or more transactions, shall, without prior written OTS approval, acquire by purchase or otherwise, or retain, more than five percent of the voting stock or shares of a

savings association not a subsidiary, or of a savings and loan holding company not a subsidiary. A savings and loan holding company seeking approval of an acquisition under this section must file an application under 12 CFR part 516, subpart A. Applications filed under this section are subject to the publication, public comment, and meeting provisions of 12 CFR part 516, subparts B, C, and D. OTS will review applications filed under this section under the review standards set forth for savings and loan holding company applications in section 10(e)(2) of the HOLA, § 574.7(c) of this chapter, and § 563e.29(a) of this chapter.

(b) *Certain acquisitions by multiple savings and loan holding companies.* No multiple savings and loan holding company (other than a savings and loan holding company described in § 584.2a(a)(1)(ii) of this part) may, directly or indirectly, or through one or more subsidiaries or through one or more transactions, acquire or retain more than five percent of the voting shares of any company that is not a subsidiary that is engaged in any business activity other than those specified in § 584.2(b) of this part.

(c)(1) *Exception for certain acquisitions of voting shares of savings associations and savings and loan holding companies.* Paragraphs (a) and (b) of this section do not apply to voting shares of a savings association or of a savings and loan holding company—

(i) Held as a *bona fide* fiduciary (whether with or without the sole discretion to vote such shares);

(ii) Held temporarily pursuant to an underwriting commitment in the normal course of an underwriting business;

(iii) Held in an account solely for trading purposes or over which no control is held other than control of voting rights acquired in the normal course of a proxy solicitation;

(iv) Acquired in securing or collecting a debt previously contracted in good faith, for two years after the date of acquisition or for such additional time (not exceeding three years) as the Office may permit if, in the Office's judgment, such an extension would not be detrimental to the public interest;

(v) Acquired under section 13(k)(1)(A)(i) of the Federal Deposit Insurance Act (or section 408(m) of the National Housing Act as in effect immediately prior to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989);

(vi) Held by any insurance companies as defined in section 2(a)(17) of the Investment Company Act of 1940: *Provided*, That all shares held by all insurance company affiliates of such savings association or savings and loan holding company may not, in the aggregate, exceed five percent of all outstanding shares or of the voting power of the savings association or savings and loan holding company, and such shares are not acquired or retained with a view to acquiring,

exercising, or transferring control of the savings association or savings and loan holding company; and

(vii) Acquired pursuant to a qualified stock issuance if such a purchase is approved pursuant to § 574.8 of this chapter.

(2) The aggregate amount of shares held under this paragraph (c) (other than pursuant to paragraphs (c)(1)(i) through (iv) and (c)(1)(vi)) may not exceed 15 percent of all outstanding shares or the voting power of a savings association or savings and loan holding company.

(d) *Acquisitions of uninsured institutions.* No savings and loan holding company may, directly or indirectly, or through one or more subsidiaries or through one or more transactions, acquire control of an uninsured institution or retain, for more than one year after the date any savings association subsidiary becomes uninsured, control of such association.

#### § 584.9 Prohibited acts.

(a) *Control of mutual savings association.* No savings and loan holding company or any subsidiary thereof, or any director, officer, or employee of a savings and loan holding company or subsidiary thereof, or person owning, controlling, or holding with power to vote, or holding proxies representing, more than 25 percent of the voting shares of such holding company or subsidiary, may hold, solicit, or exercise any proxies in respect of any voting rights in a mutual savings association.

(b) *Management interlocks.* No director or officer of a savings and loan holding company, or any person owning, controlling, or holding with power to vote, or holding proxies representing more than 25 percent of the voting shares of such holding company may acquire control of any savings association not a subsidiary of such savings and loan holding company, unless such acquisition is approved by the Office pursuant to § 574.3(a) of this chapter.

(c) *Convicted persons.* No individual who has been convicted of any criminal offense involving dishonesty or breach of trust may serve or act as a director, officer, or trustee of, or become a partner in, any savings and loan holding company, except with the prior written approval of the Office.

(d) *Applications for approval.* Applications for an approval under paragraph (c) of this section shall contain a full statement of the reasons in support



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thereof. Such applications shall be filed with the OTS.

[54 FR 49708, Nov. 30, 1989, as amended at 57 FR 14349, Apr. 20, 1992]

### PART 585—PROHIBITED SERVICE AT SAVINGS AND LOAN HOLDING COMPANIES

Sec.

585.10 What does this part do?

585.20 What definitions apply to this part?

#### Subpart A—Prohibition

585.30 What actions are prohibited?

585.40 What convictions or agreements to enter into pre-trial diversions or similar programs are covered by this part?

585.50 What adjudications and offenses are not covered by this part?

#### Subpart B—Exemptions

585.100 Who is exempt from the prohibition under this part?

585.110 How do I apply for a case-by-case exemption?

585.120 What factors will OTS consider in reviewing my exemption application?

585.130 How will I know if my application is approved?

585.140 What procedures govern a hearing on my application?

AUTHORITY: 12 U.S.C. 1462, 1462a, 1463, 1464, 1467a, and 1829(e)

SOURCE: 72 FR 25955, May 8, 2007, unless otherwise noted.

#### § 585.10 What does this part do?

This part implements section 19(e)(1) of the Federal Deposit Insurance Act (FDIA), which prohibits persons who have been convicted of certain criminal offenses or who have agreed to enter into a pre-trial diversion or similar program in connection with a prosecution for such criminal offenses from occupying various positions with a savings and loan holding company. This part also implements section 19(e)(2) of the FDIA, which permits the Director to provide exemptions, by regulation or order, from the application of the prohibition. This part provides an exemption for savings and loan holding company employees whose activities and responsibilities are limited solely to agriculture, forestry, retail merchandising, manufacturing, or public utilities operations, and a temporary ex-

emption for certain persons who held positions with respect to a savings and loan holding company as of October 13, 2006. The part also describes procedures for applying for an OTS order granting a case-by-case exemption.

#### § 585.20 What definitions apply to this part?

The following definitions apply to this part:

*Institution-affiliated party* is defined at 12 U.S.C. 1813(u), except that the phrase “savings and loan holding company” is substituted for “insured depository institution” each place that it appears in that definition.

*Person* means an individual and does not include a corporation, firm or other business entity.

*Savings and loan holding company* is defined at 12 CFR 583.20, but excludes a subsidiary of a savings and loan holding company that is not itself a savings and loan holding company.

#### Subpart A—Prohibition

#### § 585.30 What actions are prohibited?

(a) *Person*. If a person was convicted of a criminal offense described in § 585.40, or agreed to enter into a pre-trial diversion or similar program in connection with a prosecution for such a criminal offense, he or she may not:

(1) Become, or continue as, an institution-affiliated party with respect to any savings and loan holding company.

(2) Own or control, directly or indirectly, any savings and loan holding company. A person will own or control a savings and loan holding company if he or she owns or controls that company under 12 CFR part 574.

(3) Otherwise participate, directly or indirectly, in the conduct of the affairs of any savings and loan holding company.

(b) *Savings and loan holding company*. A savings and loan holding company may not permit any person described in paragraph (a) of this section to engage in any conduct or to continue any relationship prohibited under that paragraph.